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NEWS RELEASE

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Fraud Alleged by Promoter of Real Estate Development

Foote promised 2% per month on real estate notes; money was used for personal expenses ...

SALT LAKE CITY, Utah – Warren Kyle Foote, of Salt Lake City, was accused today of violating the securities law when he took \$80,000 from two investors claiming he would use the money for real estate-related investments. The Division of Securities alleges that much of the money was used for Foote's personal expenses and that he did not tell the investors about his financial condition including a prior bankruptcy and unpaid judgments he owed.

The Division's Emergency Order to Cease and Desist alleges that Foote took \$30,000 from an investor claiming the money would be used to purchase five lots in a land development project in Idaho. He claimed he already had buyers for three of the lots and that those sales would yield enough proceeds to pay for all five lots. He personally guaranteed that the project would be a success and promised a monthly return of 2% as well as 12% of the proceeds from the sale of the three lots. The investor has received only \$5,000 back.

The Division alleges that the second investor was told her \$50,000 would be used for "hard-money loans" on real estate properties. The investor was told the money would be used as a bridge loan to a buyer of real estate for 45 days, until long-term financing was obtained. He said there was no risk because the investment would be secured by real estate. The investor obtained a \$50,000 home equity loan and gave the money to Foote. Within three weeks, all the money was used by Foote to pay employees, commissions, utilities, rent, cell phone bills, and for payments to a collection agency. None of it was used as a loan on real estate. The investor is still owed more than \$41,000.

The Order against Foote alleges that he made misrepresentations to investors and failed to disclose material information. He is alleged to have told one of the investors that he had made a lot of money for a pair of prior investors, when, in fact, those other investors had hired an attorney to get their money back from Foote. He failed to disclose a December 2004 bankruptcy and that he owed unpaid judgments that had been entered against him.

The Division seeks a cease and desist order against Foote and a fine of \$100,000. A hearing will be held on September 13, 2007 to determine whether Foote contests the Division's allegations and to set a date for an evidentiary hearing on the Division's allegations.

Investors are urged to contact the Division to make sure anyone offering investments is licensed. 801.530.6600, or toll free at 1.800.721.7233. www.securities.utah.gov.